from time to time to realise arrears and to maximise collection of revenue, including corporate taxes.

Exemption from income tax on ex-gratia payments

2589. SHRI N. GIRI PRASAD:
SHRI N. E. BALARAM:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that all the ex-gratia payments received by public sector employees on voluntary retirement scheme are exempted from payment of income tax;

(b) if so, what are the details of the notifications/circulars in this regard;

(c) whether Government are aware that certain public sector authorities such as Madras Port Trust, Vishakhapatnam Port Trust, etc. are withholding 20 to 50 per cent of such payments made to its employees opted for retirement under the scheme probably by the instructions of the Income Tax Commissioners of the concerned States; and

(d) if so, what steps are taken to see that the ex-gratia payments are not withheld for the tax purposes?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHADRASHEKHAR MURTHY): (a) and (b) Section 10(10C) of the Income-tax Act provides that any amount received by an employee of a public sector company or of any other company at the time of his voluntary retirement in accordance with any scheme or schemes of voluntary retirement drawn up by the said company is exempt from tax subject to the scheme being framed in accordance with prescribed guidelines and fulfilling other conditions specified in the section.

(c) and (d) The employees of Port Trusts retiring under the Voluntary Retirement Schemes are not covered under the existing provisions of section 10(10C) of the Act. However, the Finance Bill, 1993, seeks to extend the scope of exemption from income-tax under Section 10(10C) to employees of an authority established under a Central, State or Provincial Act or of a local authority. The payment should be in pursuance of a Voluntary Retirement Scheme conforming to the prescribed guidelines and subject to a limit of Rs. 5 lakhs in the case of each employee. The proposal is to amend the provisions with effect from assessment year 1993-94. Therefore, employees of the Port Trusts who have received any sums under a Voluntary Retirement Scheme conforming to the prescribed guidelines on or after 1.4.1992 will be eligible to claim exemption once the Finance Bill becomes an Act.

Impact of FERA amendments

2590. SHRI MATANG SING: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that FERA amendment, recently, announced has significantly contibuted in accelerating the process of economic liberalisation;

(b) if so, what are the details of the responses received from the foreign investors, so far;

(c) latest result of the review of foreign investment undertaken in this regard; and

(d) further changes proposed under consideration, if any?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) Yes, Sir.

(b) and (c) Response to FERA amendments has been generally encouraging.

(d) Review of rules and regulations under FERA is a continuous process.

NRI and foreign investment in India

2591. SHRI SHIV PRATAP MISHRA: Will the Minister of FINANCE be pleased to state:

(a) what are the details of investments made in India by NRIs and foreign companies during the last two financial years and till date during the current year;

(b) what has been the total of these investments, year-wise; and

(c) what are the projects, for which these investments have been earmarked?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) to (c) Information is being collected and will be laid on the table of the house.

Credit facilities to farmers

2592. DR. SANJAYA SINH: Will the Minister of FINANCE be pleased to state:

(a) whether Government propose to provide greater credit facilities to the farmers; and

(b) if so, what are the details theroef?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) and (b) The commercial banks are required to adhere to the instructions of Reserve Bank of India issued from time to time in the matter of advancing loans to the pri ority sector including agriculture. In terms of Reserve Bank of India's guidelines, public sector banks are required to extend direct finance to agriculture (including allied activities) to the extent of 18 per cent of their total credit.

A number of steps have been taken with a view to increase flow of credit to farmers particularly small and marginal farmers. The important ones are:

1. Tne interest on loans upto Rs. 7,500 is kept low at 11.5 per cent.

2. In the case of crop loans availed of by small and marginal farmers, the interest debited to the account should not exceed the principal amount.

3. No third party guarantee or collateral security is to be insisted upon for loans upto Rs. 10,000.

4. Tnere should be no compound interest on current dues in agricultural sector.

5. Appropriate sanctioning powers should be delegated to the Branch Managers so that majority of loan applications are sanctioned at branch level itself.

6. All loan applications upto a credit limit of Rs. 25,000 are to be disposed off within a fortnight and those for over Rs. 25,000 within 8-9 weeks.

7. Loan proposals from SC/ST applicants should not be rejected without valid reasons. In such cases, rejections should be at a level higher than that of Branch Manager;

Negotiations with IMF and world bank

2593. SHRI N. GIRIPRASAD:
SHRI N. E. BALARAM:

Will the Minister of FINANCE be pleased to state: